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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

RE: **CC Docket No. 92-77 Billed Party Preference**

Dear Mr. Caton:

Attached is an explanation and details of a "dial around" study conducted by NYNEX in New York state showing that 66% of all operator service type calls from pay phones were "dial around" calls. The results of this study were included in comments filed by NYNEX on August 1, 1994, and had previously been discussed with Mr. M. Nadel of the Policy and Program Planning Division of the Common Carrier Bureau during a meeting on the above-captioned proceeding on October 6, 1994.

In addition, answers to several questions that arose during the October 6 meeting pertaining to Billed Party Preference are being provided.

Sincerely,

Susanne Guyer

cc: M. Nadel

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NYNEX CALL STUDY

BACKGROUND

NYNEX Public Communications conducted a detailed study of end user's dialing patterns in the Spring 1994 in New York State to analyze customer behavior resulting from the many changes in the competitive environment (i.e., declining market share, technological advances, significant revenue reduction in alternately billed services, etc.). The study utilized the Station Management Detail Reporting (SMDR) feature of already deployed intelligent (smart) sets.

Smart set were first deployed in the NYNEX region in 1989. The smart sets were designed to:

- curb the growing tide of fraud from public payphones
- optimize the collection process by coin accounting
- reduce maintenance cost by having the station perform self-diagnostics.

One of the features built into the anti-fraud chassis was the call detail function. This SMDS form allows security to monitor telephones specifically as being sources of illegal activities. As a by-product, this data could also support Marketing & Planning initiatives.

These smart sets were deployed all over New York State so that their distribution closely resembled the distribution of all telephones in the state. As seen below, this like-distribution is evident.

NPA	(212)	(315)	(516)	(518)	(607)	(716)	(718)	(914)
Distribution of all Pay Telephones	22%	7%	16%	6%	3%	6%	27%	13%
Distribution of Smart Sets	31%	6%	16%	6%	3%	4%	20%	14%

To get an optimum random sampling, NYNEX grouped similar industries into nine separate categories based on Standard Industry Codes (SIC). These groups consisted of: Automotive, Commercial Buildings, Drinking & Dining, Education, Government, Health, Hotel, Retail, and Transportation. The random selection of smart sets was made throughout all industry groups and area codes. The following chart shows the random distribution of the smart sets sampled over the area codes and the industry groups:

DISTRIBUTION OF PUBLIC PHONES

Area Code / Dist		AUTO	COMM	DD	EDU	GOVT	HEALTH	HOTEL	RETAIL	TRANS
(212) / 22%	Dist of All Phones	1.17%	13.79%	19.17%	6.60%	7.27%	7.49%	12.28%	5.86%	24.76%
	No MARS Sets	7	156	65	76	65	58	222	60	1283
(315) / 7%	Dist of All Phones	3.70%	11.24%	24.82%	12.63%	4.32%	8.01%	8.59%	14.50%	8.13%
	No MARS Sets	28	74	151	94	28	96	91	125	57
(516) / 16%	Dist of All Phones	4.97%	10.44%	26.71%	12.58%	5.24%	6.88%	9.20%	15.11%	7.35%
	No MARS Sets	38	68	179	211	47	78	133	314	280
(518) / 6%	Dist of All Phones	2.98%	8.12%	23.00%	10.22%	8.24%	7.90%	11.88%	17.20%	5.85%
	No MARS Sets	31	67	173	126	46	46	116	244	92
(607) / 3%	Dist of All Phones	3.28%	12.45%	25.93%	15.61%	3.45%	7.69%	8.51%	15.24%	4.63%
	No MARS Sets	47	108	244	150	30	50	104	257	46
(716) / 6%	Dist of All Phones	3.70%	11.73%	23.38%	12.96%	6.00%	7.31%	9.38%	13.14%	8.25%
	No MARS Sets	5	12	44	55	6	22	49	40	29
(718) / 27%	Dist of All Phones	4.48%	7.41%	18.90%	8.27%	5.10%	9.89%	7.36%	11.47%	25.22%
	No MARS Sets	43	185	184	153	72	166	63	219	677
(914) / 13%	Dist of All Phones	5.17%	10.30%	23.73%	11.70%	6.00%	7.30%	12.75%	13.97%	6.42%
	No MARS Sets	50	129	186	168	52	82	393	228	83

STUDY DETAILS

- Call study originally undertaken to analyze customer behavior resulting from changes in competitive environment. Information gathered gave NYNEX data to determine what percentage of all operator service type calls carried by interexchange carriers were dial-around calls.

- Study was performed over the entire New York State area for 4 weeks during the April/May 1994 time period using MARS Electronic Incorporated smart sets.

- Sample size of 459 smart sets was used in this study to achieve a 90% confidence interval.

- Random sampling of telephones was taken over all area codes and industry groups within New York State.

- In order to safeguard the privacy of the individuals in the NYNEX study, all call detail data was grouped together and only reported in the aggregate.

STUDY RESULTS

The following table shows the results of the NYNEX call study. The 716,000 calls contain all significant calls including local (sent paid and non-sent paid) calls as well as long distance (direct dialed and alternately billed) calls:

Total # Call Attempts	1,070,000
Less:	
# Calls Not Completed	104,000
# Busy Attempts	250,000
Total # Significant Calls	716,000

Of these 716,000 calls, 578,000 calls were completed locally and 138,000 calls were completed by interexchange carriers. The following table shows a distribution of these 138,000 interexchange carrier calls:

Direct Dialed Calls	5,000
Alternately Billed Calls	25,000
10XXX Calls	12,000
950 - 10XX Calls	4,000
(800) Access Calls	34,000
(800) Subscriber Calls	58,000

Thus, 75,000 of these calls carried by interexchange carriers were calls that were operator service type calls....calls that would be affected if Billed Party Preference was mandated. The following table shows a breakout of these operator service type calls:

Alternately Billed (O+) Calls	25,000 Calls	33.3%
10XXX Calls	12,000 Calls	16.0%
950 - 10XX Calls	4,000 Calls	5.3%
(800) Access Calls	34,000 Calls	45.3%

CONCLUSION

Of the 75,000 operator service type calls carried by interexchange carriers in the NYNEX call study, 66.6% of these were made on a dial-around basis (i.e., 10XXX, 950-10XX, 800 access code). This study indicates that consumers are knowledgeable concerning dial-around procedures to access their carrier of choice, and that these consumers are motivated to utilize this option in 2 out of every 3 times they dial.

ADDITIONAL COMMISSION QUESTIONS

Question: What is NYNEX's current position on O+ public domain?

Response: NYNEX continues to oppose the concept of O+ public domain. In our comments to the Commission on June 2, 1992, we noted that O+ public domain would not accomplish the Commission's goals of making operator-assisted calls "more friendly". We maintain this position since IXCs are not likely to share their calling card validation with each other. As a matter of record, AT&T has made it quite clear that it would not open its CIID card database. AT&T stated that, as an alternative, it would instruct its CIID card holders to dial the appropriate 10XXX access code to reach the AT&T network. Thus, a greater number of customers would be steered towards access code dialing if O+ public domain was mandated. Additionally, from a LEC perspective, this would cause the loss of significant intraLata toll revenues since access code intraLata calls are carried on an IXC network, while O+ intraLata calls are carried over the LEC network.

Question: Can NYNEX contract for/reuse the AABS equipment of OSPs if BPP is mandated or will this equipment be "stranded investment"?

Response: The OSPs' AABS equipment could not be used/reused by the LECs for various reasons:

First, and foremost, the AABS equipment used by the OSPs is manufactured by AT&T and other companies such as Rockwell and is incompatible with the Northern Telecom (NTI) Operator Services switch used in almost all cases by the RBOCs. The platforms of the OSPs' and LECs' AABS equipment have different architectures and would not work together. NTI equipment protocol is proprietary and, assuming NTI would even agree to open their proprietary network, the time and cost necessary to negotiate and build an interface between vendors' equipment would likely be lengthly and expensive.

Second, operational concerns further preclude reuse of the OSP facilities. The OSP equipment may not be in a location where the LEC can actually use it, due to network, personnel, or other business reasons. Also, the LEC AABS equipment would need to installed at the same time the OSP equipment was still working so there was no interruption in service. Since an orderly cutover could not be effected under this scenario, the OSP AABS equipment cannot be used/reused at the LEC facilities.

Question: If Billed Party Preference was mandated by the Commission and all operator service calls were subject to BPP charges, is there a way for NYNEX or the other RBOCs to identify and count 1-800 access calls?

Response: Bellcore is currently developing such an identification system and has stated that a working proposal will be out by the end of this year. Technologically, many things need to be accomplished to achieve the solution required. Enhanced software would be needed, and switch modifications and billing system adjustments must be addressed for this concept to work.

The costs are presently undeterminable since the process is in its early stages. A working call identification system is projected for no sooner than 1997.

Question: What percentage of calls in NYNEX's Call Study were made using NYNEX calling cards, Interexchange calling cards, Collect, and Third Party?

Response: These data are not available.

Question: How many 1-800 access numbers are used by interexchange carriers and are there any problems as a result of these concerning cost recovery?

Response: NYNEX has a list of sixty known (800) access numbers which are verified on a bi-monthly basis. NYNEX verifies (800) access numbers by calling all (800) numbers on record that have more than 10 calls attributed to them during a monthly period. This manual method assures NYNEX of the validity of its (800) number base. This manual process is burdensome and cannot always detect 800 numbers that are changed between verification dates. 800 numbers can be changed easily and frequently.